

Financial Report
Washington Council on the Aging, Inc.
Franklinton, Louisiana

June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/27/10

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Franklinton, Louisiana**

June 30, 2009

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Washington Council on the Aging, Inc.

The following discussion and analysis of the Washington Council on the Aging, Inc.'s (the Council) financial performance provides an overview of the Council's financial performance and activities for the year ended June 30, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts. This document should be read in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Council showed a decrease in overall net assets of \$47,192, or about 14% this year.
- Net capital assets of the Council decreased by \$3,400, or about 3%.
- The Council's fund revenues increased by \$391,807, or about 49%.
- Fund expenditures increased by \$417,833, or 51%.
- The unreserved, undesignated fund balance for the Council's General Fund was \$148,703, at year-end, which is a \$3,549, or 2.5%, increase from the prior year.
- No deficit fund balances existed at year-end.
- The Council's major liabilities consisted of current liabilities due to vendors of \$55,762.
- The Council did not have any long-term liabilities.
- Administrative expenses increased this year by \$95,001, which is a 56.72% increase from last year.

HOW TO USE THIS ANNUAL REPORT

The Council's annual financial report consists of five main parts:

- (1) Management's discussion and analysis (this section)
- (2) The basic financial statements (government-wide and fund)
- (3) Supplementary information required by GASB 34
- (4) Supplementary information required by GOEA, and
- (5) Auditor reports.

Government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities. These financial statements provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. In contrast, fund financial statements, for governmental activities, tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

The auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis (MD&A), that the Basic Financial Statements are fairly stated. The auditor has also provided assurance about the Supplementary Financial Information required by the Governor's Office of Elderly Affairs (GOEA) that follows later in this reporting package. A user of this document should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements, fund financial statements, and the notes to the financial statements.

Government-Wide Financial Statements

Management's analysis of the Council as a whole begins on page 5. An important point to consider is whether or not the Council's finances, as a whole, are better or worse off as a result of this year's activities. The Statement of Net Assets and the Statement of Activities (referred to collectively as the government-wide financial statements) reports information about the Council as a whole and about its activities in a way that helps when considering this point. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements report the Council's net assets and changes in them. The Council has restricted net assets of \$3,967, which must be used for specific purposes, whereas \$174,318 of its net assets are unrestricted, meaning that they can be used for any program at management's discretion. The Statement of Net Assets is designed to present the financial position of the council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, the reader must consider other non-financial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

The Statement of Activities provides information that shows how the Council's net assets changed as a result of this year's activities. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future periods. All of the Council's significant activities are reported in the Statement of Activities, including an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of various programs that include supportive social services, nutritional services, non-elderly transportation, family caregiver support, senior citizen activities, disease prevention and health promotion, and Medicaid prescription drug program assistance. Subprogram activities are also presented, in some cases, to help the reader analyze the Council's operations in more detail. All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses money it receives from governmental grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the service are not required to pay for what they receive. If the Council charged fees with the intention of making a profit or recovering the full cost of providing the service, that activity would be classified as a business-type activity. The Council does not have any business-type activities. However, note that the Council does charge fees for its non-elderly, general public transportation services. On the surface, this program appears to have made a profit, but when you consider its results with all of the Council's transportation programs, you will see that the Council did not come close to covering its costs. Accordingly, this program is not viewed as a business activity.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the Council as a whole entity. In the fund financial statements, the reader will see a General Fund and six Special Revenue Funds that have been determined to be "Major Funds", and a column for the total of all remaining Special Revenue Funds, which are considered to be "Nonmajor Funds." The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future for Council programs. The difference between net assets of governmental activities and fund balances of the governmental funds is reconciled at the bottom of the Balance Sheet for governmental funds. In addition, the difference between the change in fund balances for the governmental funds and the change in net assets for the governmental activities has been reconciled on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. These two reconciliations will facilitate the comparison between governmental activities and funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the fund financial statements and should be read before making assumptions or drawing conclusions about the Council's financial condition.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has an adopted annual budget. The schedules compare the original and final budgets to actual budget results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which is believed to be important to present to the Council's financial statement users. Management did not subjectively elevate any nonmajor fund to major fund status for purposes of financial statement presentation this year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

Management's Discussion and Analysis (MD&A) is also required supplementary information (RSI) by GASB Statement 34. However, GASB Statement 34 requires the MD&A be presented as the first item in this reporting package and not with the other RSI, which is included later in this reporting package.

OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 72 and 73. This information will be used by GOEA to verify the accuracy of the information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

**AN ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

The following table reflects condensed information on the Council's assets, liabilities, and net assets for fiscal years 2009 and 2008:

	2009	2008	Increase (Decrease)
Current and Other Assets:			
Current Assets	\$ 288,009	\$ 237,688	\$ 50,321
Other Assets	5,752	1,416	4,336
Capital Assets, net of depreciation	110,698	114,098	(3,400)
Total Assets	404,459	353,202	51,257
Current Liabilities	115,476	17,027	98,449
Total Liabilities	115,476	17,027	98,449
Net Assets:			
Invested in Capital Assets	110,698	114,098	(3,400)
Restricted	3,967	41,576	(37,609)
Unrestricted	174,318	180,501	(6,183)
Total Net Assets	\$ 288,983	\$ 336,175	\$ (47,192)

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

As of June 30, 2009 and 2008, the Council "as a whole" had assets greater than its liabilities of \$288,983 and \$336,175, respectively. About 60% and 54% of the Council's total net assets are unrestricted as of June 30, 2009 and 2008, respectively. Unrestricted net assets are important because they represent resources that management has available to adapt to changes in the economy, emergencies, unexpected needs, and reduction in or termination of grant revenues by government agencies.

The Council's restricted net assets represent about 2% and 12% of the Council's total net assets as of June 30, 2009 and 2008, respectively. Net assets are reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net assets that have been invested in capital assets are presented net of any related outstanding debt incurred to acquire them. For 2009 and 2008, there is no debt that has to be subtracted from the capital asset amount. The Council's policy is to acquire capital assets by paying cash and avoiding debt. This policy helps assure management will stay within its financial means so that future revenues will be spent for client services instead of debt service.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

The following table illustrates the revenues and expenses that produced the change in net assets for fiscal years 2009 and 2008.

<u>Revenues</u>	<u>2009</u>	<u>% of Total</u>	<u>2008</u>	<u>% of Total</u>
Program Revenues:				
Charges for services	\$ 98,381	8.39%	\$ 131,378	16.53%
Operating Grants and Contributions	571,817	48.75%	566,691	71.32%
Capital Grants and Contributions	0	0.00%	0	0.00%
General Revenues:				
Property Taxes	390,441	33.29%	0	0.00%
Unrestricted Grants and Contributions	105,814	9.02%	87,739	11.04%
Other General Revenues	6,388	0.54%	8,813	1.11%
Total Revenues	1,172,841	100.00%	794,621	100.00%
Direct Program Expenses of the Health, Welfare, and Social Services Function:				
Supportive Services:				
Priority Services:				
Transportation of the elderly	216,941	17.78%	130,104	16.11%
Other supportive services	168,377	13.80%	53,471	6.62%
Transportation Services-non-elderly	313,615	25.71%	333,118	41.25%
Nutrition Services:				
Congregate Meals	98,565	8.08%	40,201	4.98%
Home-delivered Meals	127,399	10.44%	53,791	6.66%
Food bank and vouchers	3,852	0.32%	16,259	2.01%
Other Health, Welfare & Social Services	28,779	2.36%	13,136	1.63%
Direct Administrative Expenses	262,505	21.52%	167,504	20.74%
Total Expenses	1,220,033	100.00%	807,584	100.00%
Increase (Decrease) in Net Assets	(47,192)		(12,963)	
Net assets, beginning of year	336,175		349,138	
Net assets, end of year	\$ 288,983		\$ 336,175	

For fiscal year 2009, the Council's total revenues increased \$378,220 or 48% from fiscal year 2008, whereas total expenses for 2009 increased by \$412,449 or 51% from 2008. The main reason for these increases is because in 2009 the Council began to receive property tax revenues and, as a result, it expanded services to meet service demands in the parish.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Washington Parish and to provide transportation for Parish residents. There is a high demand for these services; therefore, resources are channeled to meet the demand.

Another indication of how money is used efficiently or inefficiently can be analyzed by comparing the amount of administration costs from year to year as well as calculating the percentage administration expenses bears in relation to total expenses. For 2009, total administration expenses were \$262,505 or 22% of total expenses, whereas these same expenses were \$167,504 or 21% of total expenses in 2008.

Note that most of the governmental activities have more expenses than revenues. This is expected and budgets are prepared accordingly. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. There are, however, some governmental activities that do have revenues in excess of expenditures. These activities are discussed below.

The Council's grants from Capital Area Agency on Aging (CAAA) are paid based on a contract amount per unit of service provided, up to a maximum number of units, for specified program activities. The Council was able to provide the required units of Telephoning and Disease Prevention & Health Promotion at a cost that was less than their contracted reimbursement amounts. The net revenues in these programs were used to help offset the net expenses in other programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND
FINANCIAL STATEMENTS

Fund Balances

The Council showed a combined governmental fund balance of \$169,396 (as shown on the Fund Financial Statement's Balance Sheet) at the end of this year, which is a decrease of \$49,631 from the prior year. The General Fund decreased by \$36,667 this year, and the combined fund balances of the Special Revenue Funds decreased by \$12,964.

Revenues

The combined fund revenues increased \$391,807 this year versus last year, as shown in the table below.

	2009	2008	Increase / (Decrease)	
			Amount	Percent
Property Taxes	\$ 404,028	\$ 0	\$ 404,028	N/A
Intergovernmental	620,827	601,784	19,043	3.16%
Public Support	55,697	52,246	3,451	6.61%
Program Service Fees	98,381	131,378	(32,997)	-25.12%
Interest Income	1,516	841	675	80.26%
Miscellaneous	7,707	10,100	(2,393)	-23.69%
Total Revenues	\$ 1,188,156	\$ 796,349	\$ 391,807	49.20%

This year the Council received property tax revenue which accounted for 34% of its total revenues, while in previous years, most of the Council's activities were funded by federal, state, and local grants. These grants, which comprise the Council's intergovernmental revenues, amounted to approximately 52% and 76% of the Council's total revenues in 2009 and 2008, respectively. Most of these grants are restricted, which means the money can only be used in certain programs. The amount of annual funding from the grants the Council receives remains rather constant from year to year; however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

The \$19,043 net increase in intergovernmental revenue in 2009 was primarily the result of the Council receiving \$45,505 more from its Section 5311 grant, \$32,357 less from its JARC grant, \$24,102 less from United Way for the EFSP program, \$16,840 more from GOEA, \$4,671 more from CAAA, and \$8,486 from DOTD for Hurricane Katrina recovery, which it did not receive in 2008. The increase in the Section 5311 revenue is a result of more costs being incurred in this program in 2009 versus 2008. As the eligible costs increase, so does the grant revenue, assuming the grant is large enough to absorb the increases in expenditures. The increase in GOEA intergovernmental revenue was because the Council received more PCOA funding in FY 2009 than in FY 2008.

The Council also receives public support in the form of restricted and unrestricted donations from its clients and the general public. Public support allows the Council to maintain and expand services. Public support revenues represented 4.7% and 6.6% of the Council's total revenues for fiscal years 2009 and 2008, respectively. Public support comes from donations from the general public, client contributions, and the United Way.

Program service fees were \$98,381 and \$131,378 and represent 8.3% and 16.5% of the Council's total revenues for 2009 and 2008, respectively. The reason for a decrease in program service fees is primarily because the significant decrease in demand for STEP/Find Work transportation services.

The decrease in miscellaneous revenues of \$2,393 is mainly because the Council sold two vans in FY 2008 whereas it did not sell any vans in FY 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

Expenditures

Total expenditures increased by \$417,833 this year, as shown in the table below.

	2009	2008	Increase/(Decrease)	
			Amount	Percent
Personnel	\$ 734,036	\$ 481,762	\$ 252,274	52.36%
Fringe	72,944	51,994	20,950	40.29%
Travel	42,103	8,203	33,900	413.26%
Operating Services	109,802	73,776	36,026	48.83%
Operating Supplies	89,144	92,131	(2,987)	-3.24%
Other Costs	62,753	40,631	22,122	54.45%
Full Service	3,473	6,644	(3,171)	100.00%
Meals	81,498	34,286	47,212	137.70%
Utility Assistance	14,192	7,156	7,036	98.32%
Capital Outlay	5,104	23,371	(18,267)	N/A
Intergovernmental	22,738	0	22,738	N/A
	<u>\$ 1,237,787</u>	<u>\$ 819,954</u>	<u>\$ 417,833</u>	<u>50.96%</u>

The receipt of property tax revenue, which accounted for a significant portion of the Council's total revenues, has allowed the Council to expand services to meet the high demand in the parish. As a result, most of the Council's expenditure categories increased, such as personnel, fringe, travel, operating services, other costs, and meals. Operating supplies showed a decrease in 2009 primarily due to decreases in vehicle fuel and supply costs. Full service costs decreased in 2009 because there was less demand in home repair assistance to the elderly and disabled. Meanwhile, utility assistance expenditures increased in FY 2009 as a result of more demand for the service during the year. Capital outlay expenditures in 2009 represent the costs to purchase a storage building and office equipment needed for the Council's operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

AN ANALYSIS OF THE GENERAL FUND BUDGET

Over the course of this past fiscal year, the budget was amended one time. The amendment was approved at a Board of Directors meeting on April 17, 2009. The amendment effectively approves any expenditure that had already been incurred that exceeded its original budgeted amount. The primary reasons for amending the budget are to account for unanticipated changes in both revenues and expenditures and to prevent compliance violations under the Council's grants from GOEA and Capital Area Agency.

A schedule presenting the original and amended budgets for the General Fund can be found in the Supplementary Financial Information Required by GASB Statement 34 section of this report on page 61. When reviewing the budget versus actual schedule, the reader will note that, even though some of the variances are rather large, the net unfavorable variance is \$12,937. The main reasons for the overall unfavorable variance are: (1) the Council budgeted \$4,000 for its pro-rata share of the parish's pension expenditure while the actual amount was \$13,587, and (2) the Council did not budget for its matching funds (\$9,151) for a new van that the Town of Franklinton acquired on behalf of the Council. Differences in the transfer amounts reflect variances in the actual versus budget amounts in other funds that had to be satisfied by the end of the fiscal year using General Fund money.

AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the year, the Council had \$110,698, in capital assets net of accumulated depreciation. This amount is a net decrease over last year of \$3,400, which is made up of additions of \$5,104 and the current year depreciation expense of \$(8,504).

Capital Assets, Net of Depreciation			
	June 30, 2009	June 30, 2008	Increase (Decrease)
Vehicles	\$ 8,732	\$ 11,642	\$ (2,910)
Equipment	9,658	6,469	3,189
Building and Improvements	83,308	86,987	(3,679)
Land	9,000	9,000	0
	<u>\$ 110,698</u>	<u>\$ 114,098</u>	<u>\$ (3,400)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

The capital asset additions during the year consisted of one storage building (\$2,700) and office equipment (\$2,404).

The Council had four vans titled in its name at the end of the fiscal year, which are included in capital assets. The Council also had the use of nine additional vans which are owned by Town of Franklinton, which are not included in the capital assets of the Council.

The Council did not have any long-term debt related to its capital assets and does not like to incur any debt as a matter of financial stewardship.

More detailed information can be found about the Council's capital assets in Notes 1 and 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Council receives most of its funding from property taxes and federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of services provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for fiscal year 2010, it was important to management that at least the same level of service be delivered to clients and the public as were provided in FY 2009. All the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2010. There have been no significant changes to the funding levels or terms of the grants and contracts.

For FY 2010, the Council has budgeted revenues and expenditures of \$1,317,402. The FY 2010 budget has been approved by Capital Area Agency on Aging.

CONTACTING THE COUNCIL'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Nancy McBeth, Executive Director at 1025 Dobson Street, Franklinton, Louisiana 70438 or by phone at (985) 839-4535.

NEIL G. FERRARI

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SOCIETY OF LOUISIANA CPAs

MEMBER OF THE
AMERICAN INSTITUTE OF CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Washington Council on the Aging, Inc.
Franklinton, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Council on the Aging, Inc., Franklinton, Louisiana, (the Council) as of and for the year ended June 30, 2009, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 15, 2009, on my consideration of the Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on

the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 1 through 13 and budgetary comparison schedules on pages 61 through 67 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs and are not a required part of the Council's basic financial statements. These two schedules have been subjected to the auditing procedures I applied in the audit of the basic financial statements and, in my opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baton Rouge, Louisiana,
December 15, 2009

A handwritten signature in black ink that reads "Neil Ferrari, CPA". The signature is written in a cursive, flowing style.

Neil G. Ferrari, CPA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A

STATEMENT OF NET ASSETS
Washington Council on the Aging, Inc.
Franklinton, Louisiana
June 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Investments	\$ 193,781
Receivables:	
Ad valorem taxes	763
Capital Area Agency on Aging	10,457
Office of Family Support	3,600
Town of Franklinton	60,757
Other Entities	3,553
Prepaid expenses	3,670
Deposit towards van purchase	10,765
Overpaid state withholding taxes	<u>663</u>
Total current assets	288,009
Capital Assets, net of accumulated depreciation	110,698
Other Asset - prepaid expense for vehicle usage	<u>5,752</u>
Total Assets	<u><u>404,459</u></u>
LIABILITIES	
Current Liabilities:	
Accounts payable	55,762
Accrued payroll liabilities	6,493
Deferred revenue - Katrina Recovery Funds	<u>53,221</u>
Total current liabilities	<u><u>115,476</u></u>
NET ASSETS	
Invested in Capital Assets	110,698
Restricted for:	
Senior Citizen Activities	456
Utility Assistance	3,511
Unrestricted:	<u>174,318</u>
Total Net Assets	<u><u>\$ 288,983</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

EXHIBIT B

STATEMENT OF ACTIVITIES

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2009

Functions/Programs	Program Revenues					Net (Expense) Revenue and Increase (Decrease) in Net Assets
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities						
Health, Welfare & Social Services:						
Supportive Services:						
Transportation of the elderly	\$ 216,941	\$ 63,918	\$ 0	\$ 191,964	\$ 0	\$ (88,895)
Homemaker	104,343	31,002	0	20,548	0	(114,797)
Information and Assistance	8,925	2,651	0	1,145	0	(10,431)
Outreach	27,373	8,133	0	2,138	0	(33,368)
Recreation	8,722	2,592	0	0	0	(11,314)
Telephoning	5	1	0	3,903	0	3,897
Home Repairs	3,489	0	0	2,178	0	(1,311)
Utility Assistance	15,520	255	0	5,672	0	(10,103)
Transportation Services - non elderly:						
Job Access	107,192	36,775	0	104,513	0	(39,454)
General Public	206,423	61,807	98,381	121,704	0	(48,145)
Nutrition Services:						
Congregate Meals	98,565	32,101	0	40,769	0	(89,897)
Home Delivered Meals	127,399	21,082	0	61,933	0	(86,548)
Food bank & vouchers	3,852	0	0	3,852	0	0
Disease Prevention and Health Promotion	1,385	452	0	3,658	0	1,821
Family Caregiver Support	2,560	683	0	963	0	(2,280)
Medicaid Prescription Drug Assistance	16,954	0	0	0	0	(16,954)
Senior Citizen Activities	7,880	0	0	5,824	0	(2,056)
Administration	262,505	(261,452)	0	1,053	0	0
Total governmental activities	\$ 1,220,033	\$ 0	\$ 98,381	\$ 571,817	\$ 0	\$ (549,835)
General Revenues:						
Property taxes, net of \$13,587 withheld by the Sheriff					390,441	
Grants and contributions not restricted to specific programs					105,814	
Interest income					1,516	
Facility rental, net of direct depreciation					4,872	
Total General Revenues						502,643
Increase (Decrease) in net assets						(47,192)
Net assets - beginning of the year						336,175
Net assets - end of the year						\$ 288,983

The accompanying notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

EXHIBIT C

FUND BALANCE SHEET
GOVERNMENTAL FUNDSWashington Council on the Aging, Inc
Franklinton, Louisiana
June 30, 2009

	General Fund	Title III B	Title III C-1	Title III C-2	Section 5311	JARC	Katrina Recovery	Non-Major Funds	Total Governmental Funds
ASSETS									
Cash and Investments	\$ 86,202	\$ 0	\$ 8,364	\$ 42,480	\$ 0	\$ 0	\$ 53,221	\$ 3,514	\$ 193,781
Receivables:									
Ad valorem taxes	763	0	0	0	0	0	0	0	763
Capital Area Agency on Aging	0	8,520	959	70	0	0	0	908	10,457
Office of Family Support	3,600	0	0	0	0	0	0	0	3,600
Town of Franklinton	0	0	0	0	33,720	27,037	0	0	60,757
Other Entities	3,553	0	0	0	0	0	0	0	3,553
Prepaid expenditures	533	0	0	0	0	0	0	0	533
Deposit towards van purchase	10,765	0	0	0	0	0	0	0	10,765
Overpaid state withholding taxes	663	0	0	0	0	0	0	0	663
Due from other governmental funds	67,340	0	0	0	0	0	0	0	67,340
Total Assets	\$ 173,419	\$ 8,520	\$ 9,323	\$ 42,550	\$ 33,720	\$ 27,037	\$ 53,221	\$ 4,422	\$ 352,212
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	1,041	2,637	9,323	42,550	0	206	0	5	55,762
Accrued payroll taxes	6,493	0	0	0	0	0	0	0	6,493
Deferred revenue	0	0	0	0	0	0	53,221	0	53,221
Due to other governmental funds	0	5,889	0	0	33,720	26,831	0	906	67,340
Total Liabilities	7,534	8,520	9,323	42,550	33,720	27,037	53,221	911	182,816
Fund Balances									
Reserved, reported in:									
General Fund:									
Prepaid expenditures	533	0	0	0	0	0	0	0	533
Senior citizen activities	456	0	0	0	0	0	0	0	456
Encumbrance - Van purchase commitment	10,765	0	0	0	0	0	0	0	10,765
Unreserved, Designated reported in:									
General Fund - designated for home repairs	5,428	0	0	0	0	0	0	0	5,428
Unreserved/Undesignated, reported in:									
General Fund	148,703	0	0	0	0	0	0	0	148,703
Special Revenue Funds	0	0	0	0	0	0	0	3,511	3,511
Total Fund Balances	165,885	0	0	0	0	0	0	3,511	169,396
Total Liabilities and Fund Balances	\$ 173,419	\$ 8,520	\$ 9,323	\$ 42,550	\$ 33,720	\$ 27,037	\$ 53,221	\$ 4,422	
Amounts reported for governmental activities in the statement of net assets are different because:									
- Prepaid expenses relating to vehicle usage are not financial resources and therefore are not reported as assets in the governmental funds									8,889
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds									110,698
Net Assets of Governmental Activities									\$ 288,983

The accompanying notes to the basic financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Washington Council on the Aging, Inc.

Franklinton, Louisiana

For the year ended June 30, 2009

	General	Title III	Title III	Title III	Section		Katrina	Nonmajor	Total
	Fund	B	C-1	C-2	5311	JARC	Recovery	Funds	Governmental
									Funds
REVENUES									
Ad Valorem Taxes	\$ 404,028	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 404,028
Intergovernmental:									
Capital Area Agency on Aging (CAAA)	0	89,855	14,550	44,942	0	0	0	5,674	155,021
Governor's Office of Elderly Affairs	37,500	0	0	0	0	0	0	53,767	91,267
Louisiana DOTD	0	0	0	0	0	0	8,486	0	8,486
United Way of America	0	0	0	0	0	0	0	10,639	10,639
Town of Franklinton	0	0	0	0	246,701	104,513	0	0	351,214
Washington Parish Government	4,200	0	0	0	0	0	0	0	4,200
Public Support (Restricted):									
Client contributions	0	3,044	26,219	10,204	0	0	0	0	39,467
People's Health Insurance	2,100	0	0	0	0	0	0	0	2,100
Other general public donations	2,692	0	0	0	0	0	0	0	2,692
Various utility companies	0	0	0	0	0	0	0	5,452	5,452
Public Support (Unrestricted):									
United Way	4,570	0	0	0	0	0	0	0	4,570
Other general public donations	1,416	0	0	0	0	0	0	0	1,416
Program Service Fees (charges for services):									
Transportation:									
Office of Family Support	58,944	0	0	0	0	0	0	0	58,944
Public Fares	15,223	0	0	0	0	0	0	0	15,223
Other Entities	24,214	0	0	0	0	0	0	0	24,214
Interest Income	1,516	0	0	0	0	0	0	0	1,516
Miscellaneous:									
Rental of facilities	6,600	0	0	0	0	0	0	0	6,600
Miscellaneous	1,107	0	0	0	0	0	0	0	1,107
Total revenues	564,110	92,899	40,769	55,146	246,701	104,513	8,486	75,532	1,188,156
EXPENDITURES									
Health, Welfare, & Social Services:									
Current:									
Personnel	166,729	305,234	85,404	53,810	0	103,507	0	19,352	734,036
Fringe	17,198	30,215	8,206	5,326	0	10,305	0	1,694	72,944
Travel	1,502	35,443	3,518	420	0	650	0	570	42,103
Operating Services	36,557	43,704	7,719	9,959	0	11,728	0	135	109,802
Operating Supplies	30,290	35,715	5,882	7,210	0	9,942	0	105	89,144
Other Costs	16,610	12,133	3,817	1,530	0	3,608	0	25,055	62,753
Full Service	0	3,473	0	0	0	0	0	0	3,473
Meals	0	0	12,561	58,298	0	0	0	10,639	81,498
Utility Assistance	0	0	0	0	0	0	0	14,192	14,192
Capital Outlay	2,404	0	0	0	0	0	2,700	0	5,104
Intergovernmental	22,738	0	0	0	0	0	0	0	22,738
Total expenditures	294,028	465,917	127,107	136,553	0	139,740	2,700	71,742	1,237,787
Excess of revenues over (under) expenditures	270,082	(373,018)	(86,338)	(81,407)	246,701	(35,227)	5,786	3,790	(49,631)
OTHER FINANCING SOURCES (USES)									
Operating transfers in	128,259	373,018	86,338	81,407	0	35,227	0	41,982	746,231
Operating transfers out	(435,008)	0	0	0	(246,701)	0	(5,786)	(58,736)	(746,231)
Net increase (decrease) in fund balances	(36,667)	0	0	0	0	0	0	(12,964)	(49,631)
FUND BALANCE (DEFICIT)									
Beginning of year	202,552	0	0	0	0	0	0	16,475	219,027
End of year	\$ 165,885	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,511	\$ 169,396

The accompanying notes to the basic financial statements are an integral part of this statement.

EXHIBIT E**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities****Washington Council on the Aging, Inc.
Franklinton, Louisiana****For the year ended June 30, 2009**

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$	(49,631)
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Governmental funds report the amounts the Council expends as local "matching" funds on capital assistance grants, which result in another government obtaining title to the capital assets acquired under the grants, as intergovernmental expenditures. However, because the Council gets to use the capital assets in lieu of having paid the required local match, the Council records the amounts it paid in the Statement of Net Assets as a prepaid expense, which will be amortized over the estimated useful lives of the capital assets. This reconciling amount represents the amount by which the intergovernmental expenditures (\$9,151) exceeded amortization expense (\$3,312) this year.

5,839

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$8,504) exceeds capital outlays (\$5,104) in this year.

(3,400)

Increase (Decrease) of Net Assets of Governmental Activities	\$	<u>(47,192)</u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS**Washington Council on the Aging, Inc.****Franklinton, Louisiana****June 30, 2009****Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Washington Council on the Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

a. Purpose of the Council on Aging

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in Washington Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services with other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), Capital Area Agency on Aging- District II, Inc. (CAAA), and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

a. Purpose of the Council on Aging – (Continued)

The primary services provided by the Council to the elderly residents of Washington Parish include providing congregate and home delivered meals, information and assistance, outreach, utility assistance, homemaker services, recreation, telephoning, disease prevention & health promotion, enrollment and education about available prescription drug plans, home repairs and family caregiver support. The Council also provides various types of transportation services to the general public of the Washington Parish, with a special emphasis being placed on transporting the elderly and those persons requiring job access and job training.

b. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention that GOEA administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from GOEA pursuant to Louisiana Revised Statute (La. R.S.) 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies as well as the policies and regulations established by GOEA.

The Washington Council on the Aging, Inc. (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on October 5, 1971 and subsequently incorporated on December 15, 1972 under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

b. Reporting Entity - (Continued)

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected in the following manner:

- Eleven members, who are at least 60 years old, shall be elected by the membership to represent the different communities of Washington Parish.
- The Washington Parish Government and various public agencies, which serve the elderly, shall appoint four members.

The Washington Parish Government (WPG) does not appoint a voting majority of the Council on Aging's board and the WPG does not intend to impose its will to affect the operations of the Council on Aging. Further, the Washington Parish Government does not provide any specific financial benefits and does not assume any specific financial burdens of the Council on Aging. As a result, the Council on Aging is not a component unit of the Washington Parish Government.

Membership in the Council is open at all times, without restriction, to all residents of Washington Parish who have reached the age of 60 and who express an interest in the Council and wish to contribute to or share in its programs. Associate memberships shall be granted to those persons who have not yet reached the age of 60 but serve on committees of the Council. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a stand-alone, special-purpose government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which purpose are to report individual major governmental funds and combined nonmajor governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

Government-Wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Generally, intergovernmental and property tax revenues support governmental activities.

In the government-wide Statement of Net Assets only one column of numbers has been presented for total governmental activities. The numbers are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted public support, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation and amortization, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants this year.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses."

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services that are provided by a specific function or program to people or other entities. Contributions, grants, interest income, and miscellaneous revenues that are not included among program revenues are reported instead as general revenues in this statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues.

Fund Financial Statements:

The fund financial statements present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before Statement No. 34 required the format change.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - (Continued)**

c. Basis of Presentation of the Basic Financial Statements - (Continued)

The daily accounts and operations of the Council continue to be organized using funds and account groups. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. For this year no additional funds were deemed to be major funds by management. The nonmajor funds are summarized by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

The following is a description of the governmental funds of the Council:

The General Fund is the general operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund.

The following is a brief description of the programs that comprise the Council's General Fund:

Local

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are mostly unrestricted, which means they may be used at the Council's discretion. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditures, are charged to the local program. Because of their unrestricted nature, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their revenues.

PCOA

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs. The Council may use these "Act 735" funds at its discretion provided the program is benefiting people who are at least 60 years old. In fiscal year 2009, the Council transferred all of its PCOA funds (\$37,500) to the Title III B fund to pay for program expenditures that exceeded the grant reimbursements from CAAA for those programs.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Local Transportation

The Council provides a variety of transportation services to the residents of Washington Parish who are not elderly (under 60 years old) for a fee. Transportation services provided to residents who are elderly (at least 60 years old) are accounted for in the transportation program of the Title III B Fund and those related to job access (irrespective of age) are accounted for in the JARC Fund. All other transportation services are accounted for in the "Local Transportation" program of the General Fund. Most of the people who receive transportation services in this program are under 60 years old and do not qualify for free transportation services under one of the Council's grant programs.

During the fiscal year, the primary transportation services provided under this program consisted of the following:

- The Council participates in a contract with the Louisiana Department of Social Services' (DSS) Office of Family Support (OFS). This program provides transportation services to people who are participants in the STEP program. In FY 2009 the Council provided 2,606 trips under this contract, which generated \$62,544 of program service fees.
- The Council will also transport people under age 60 who pay a cash fare for the service. Passengers are charged a fee per one-way trip based on the distance of the trip. In FY 2009 this transportation service generated \$15,223 of program service fees.
- The Council also provided transportation services to CCP Wound Care, Heritage Manor, Magnolia Behavioral Healthcare, Regina Coeli Center, Volunteers of America, Washington Parish School Board, and Youth Service Bureau. The services it provided these entities generated \$20,614 of program service fees.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Senior Citizen Activities

The Council operates senior centers in Angie, Bogalusa, Franklinton and Pine. The participants at each of these centers solicit public support and raise funds through activities to help offset the cost of activities not paid for through the primary grant to operate senior centers from GOEA. Examples of the types of activities used to raise these funds include coffee and soft drink sales and recycling income. The revenues and related expenditures for each senior center's non-program activities are maintained in separate accounts within the Council's general ledger.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or nonmajor governmental fund:

Major Governmental Funds:

Title III B Fund

The Title III B Fund is used to account for funds that are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for a qualifying unit of service for each Title III program. Specific supportive services, along with the number of units provided during the fiscal year, are as follows:

	<u>Units</u>
Information and Assistance	484
Outreach	233
Homemaker	4,906
Telephoning	7,101
Transportation for people age 60 or older	12,900
Recreation	5,118
Home repairs	73
Utility assistance	71

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout Washington Parish. The Council maintains meal-sites in Angie, Franklinton, Pine, and Bogalusa. During the year the Council provided 34,027 meals to people eligible to participate in this program. The Council also provided 218 units of nutrition education under this program.

Title III C-2 Fund

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. During the year the Council provided 53,550 home-delivered meals. The Council also provided 260 units of nutrition education under this program.

Section 5311 Fund

The Section 5311 Fund was established to account for funds under the U.S. Department of Transportation's Public Transportation for Nonurbanized Areas - Section 5311 Program. The Louisiana Department of Transportation and Development (DOTD) receives these funds for the State of Louisiana and passes them through to the Council via the Town of Franklinton. Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within Washington Parish. Section 5311 funds are used as interfund transfers to help pay for costs incurred in providing transportation services under the Council's various transportation programs.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

JARC Fund

The JARC Fund was established to account for funds relating to the Job Access-Reverse Commute (JARC) program established by the Federal Transit Administration's Department of Transportation. The purpose of the JARC program is to improve "job access" by developing and financing transportation services to connect welfare recipients and low-income persons to employment and support services. The Louisiana Department of Transportation and Development (DOTD) receives the JARC funds for the State of Louisiana and passes them through to the Council via the Town of Franklinton.

The Council earns JARC funds based on actual operating costs. In addition, the JARC program limits the amount of cost reimbursement to 50% of the actual costs incurred to provide the program services. Accordingly, the Council obtained a Temporary Assistance for Needy Families (TANF) grant. Some of the objectives of the TANF grant are consistent with the objectives of the JARC grant. Accordingly, the Council was able to use the TANF funds as the required matching funds to obtain the JARC grant. The Louisiana Department of Social Services (DSS)- Office of Family Support (OFS) receives the TANF funds for the State of Louisiana and passes them through to the Council via the Town of Franklinton. TANF funds are also earned by the Council based on actual operating costs incurred.

Katrina Recovery Fund

During FY 2009, the Council was awarded \$61,707 to help pay for costs relating to Hurricane Katrina by the Louisiana Department of Transportation and Development (DOTD). This year, the Council used \$8,486 to purchase a storage building (\$2,700) and to pay for Hurricane Katrina related costs incurred in prior years (\$5,786). The remaining of the funds (\$53,221) will be used to purchase a vehicle in FY 2010.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Nonmajor Governmental Funds:

Medicare Prescription Drug Program Assistance Fund

This fund was initially used to account for the administration of a special \$15,000 grant the Council received in FY 2005 from Ogilvy Public Relations Worldwide, Inc. for the purpose of enrolling senior citizens in a Medicare-approved drug discount card program. This service was continued into FY 2006 but phased out by the time that year ended. Afterwards, the Council's purpose for this fund changed to assisting senior citizens in choosing and enrolling in a Medicare Part D prescription drug plan. The Council provides services under this program with funds from its General Fund.

Title III D Fund

The Title III D Fund is used to account for funds used for disease prevention and health promotion (wellness) activities. During the year the Council provided 2,718 units of wellness service and 191 units of medication management to eligible participants.

Title III E Fund

The Title III E Fund accounts for funds relating to the National Family Caregiver Support program, which targets older, low-income individuals. During the year, the Council provided 8 units of information and assistance under this program.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide community service centers at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council maintains four senior centers in Washington Parish. Senior Center funds can be used at management's discretion to support any of the Council's programs, which benefit the elderly. Accordingly, during the year, management transferred all of its Senior Center funds (\$50,667) to the Title III C-1 Fund to subsidize the cost of providing services to the elderly in the programs of those funds.

Supplemental Senior Center Fund

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary state grant for senior centers. The Council was one of the parish councils to receive a supplemental grant of \$3,100. The Governor's Office of Elderly Affairs provided these funds to the Council. The money received by this fund during the year was transferred the Title III D Fund to offset the cost of providing services to the elderly in this fund.

Audit Fund

The Audit Fund is used to account for funds that are to be used as a subsidy to pay for the cost of having an annual audit of the Council's financial statements. The full cost of the audit (\$24,997) is charged to this fund. The audit costs that exceed the subsidy are paid for with a transfer of Local program funds. GOEA provided \$1,053 of audit subsidy funds to the Council via the Capital Area Agency on Aging.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Utility Assistance Fund

This fund is used to account for the administration of the utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging throughout the state to provide assistance to the elderly for the payment of utility bills. Entergy and WST program contributions can only be used to pay for direct services. During the year, the Council provided funds to 86 different people to assist them with paying their utility bills. Although each utility assistance program has its own unique benefit guidelines, a person can generally receive up to \$200 of assistance three times within a year.

EFSP Fund

The EFSP Fund is used to account for the administration of the Emergency Food and Shelter National Board Program (EFSP), the purpose of which is to supplement food and shelter assistance to individuals. Funds are provided by the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) to the United Way of America, which in turn "passes through" the funds to the Council. A local board working with Washington Parish's local United Way agency assists the Council in obtaining EFSP funds. During the fiscal year, \$6,787 of EFSP funds were used to purchase home delivered meals and \$3,852 was donated to the Bogalusa Help Center to provide shelf stable meals for the community's food bank. The Council was allowed to use 2% of EFSP funds on administrative costs but did not do so during the year. FY 2009 is the last year the Council will administer the EFSP. The program will be administered by another agency in Washington Parish next year.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

- **Government-wide Financial Statements - Accrual Basis**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

- **Fund Financial Statements - Modified Accrual Basis**

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be "available" if they are collected within sixty days of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

e. Interfund Activity

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

In the government-wide financial statements, all types of interfund transactions are eliminated when presenting the governmental activity information.

f. Cash

Cash includes not only currency on hand, but demand deposits with banks or other financial institutions.

For the purposes of the Statement of Net Assets, restricted cash are amounts received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose.

g. Receivables

The financial statements contain an allowance for uncollectible ad valorem tax because management estimates that all of the tax owed the Council will not be collected. This year's allowance amount has already been applied to reduce the ad valorem tax receivable amount presented on the Balance Sheet and the Statement of Net Assets.

Management estimates that other receivables presented will be collected in full. However, if management becomes aware of information that would change its assessment about the collectability of these other receivables, management would write off the receivables as bad debts at that time.

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

h. Investments

GASB Statement 31 requires the Council to report its investments at fair value in the balance sheet, except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors. The Council did not own any investments of this type at year-end.

Investments, which include securities traded on a national or international exchange, are valued based on their last reported sales price. Investments that do not have an established market are reported at estimated fair value. The Council did not own any investments of this type at year-end.

However, the Council invested funds in the Louisiana Asset Management Pool (LAMP). LAMP is a local government 2a7-like investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. For financial statement purposes, LAMP investments are valued and reported at fair value. A 2a7-like pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

i. Prepaid Expenses/Expenditures

Prepaid expenses include amounts paid in advance for goods and services. Prepaid expenses are shown as either current or other assets on the government-wide Statement of Net Assets, depending on when management expects to realize their benefits.

In the fund financial statements, the Council has elected not to include amounts paid for future goods and services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure the Council's management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

i. Prepaid Expenses/Expenditures – (Continued)

are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

For purposes of presenting prepaid expenses in the Statement of Activities, the Council will follow the same policy it uses to record prepaid expenditures in the fund financial statements with one exception. Disbursements made as “matching” payments to acquire vehicles that will be owned by another government are capitalized and amortized in the government-wide statements as prepaid expenses to better present the economies of this type of transaction and to keep from distorting the Council’s transportation activities in the Statement of Activities. In contrast, 100% of the “matching” payments are reported in the fund financial statements as intergovernmental expenditures when the vehicles are received.

j. Capital Assets:

The accounting and reporting treatment used for property, vehicles, and equipment (capital assets) depends on whether the capital assets are reported in the government-wide financial statements or the fund financial statements.

Government-Wide Financial Statements

Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide statement of Net Assets. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are expensed as incurred.

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset’s estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

j. Capital Assets: - (Continued)

Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation. Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment - other than computers	6 to 10 years
Vehicles	5 years
Computer equipment	5 years
Building and improvements	40 years

When calculating depreciation, the State's guideline assumes that capital assets will not have any salvage value and that a full year's worth of depreciation will be taken in the year the capital assets are placed in service or disposed.

Fund Financial Statements

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

k. Non-Current (Long-term) Liabilities

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources are reported as liabilities in the government-wide statements. The Council did not have any non-current liabilities at year-end. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented anywhere else in these statements.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

l. Unpaid Compensated Absences

The Council's annual leave policy requires employees to consume any annual leave they might earn within the Council's fiscal year. In other words, an employee must "use or lose" any earned leave on or before June 30th of every year. However, sick leave is treated a little differently. An employee can carryover up to 480 hours of unused sick leave each year, however, the Council does not permit an employee to get paid for any unused sick leave upon termination. As a result of these policies, the Council has not accrued a liability for any type of unused leave in the financial statements. The Council's management has established its leave policies in this manner to minimize the Council's exposure to a future liability for which the Council may not have the funds to pay.

m. Deferred Revenue Other Than Property Taxes

The Council reports deferred revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet of the fund financial statements. Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and the Balance Sheet, whichever the case might be, and the revenue is recognized. At year end the Council had \$53,221 of deferred Katrina Recovery Fund revenue.

n. Deferred Property Tax Revenue

Deferred property tax revenue represents taxes expected to be collected but not within 60 days after the end of the Council's fiscal year for which the taxes were levied. Deferred property tax revenues are reported on the Balance Sheet of the fund financial statements, but not on the Statement of Net Assets, because the related revenues are recognized in the Statement of Activities using the full accrual basis of accounting. In subsequent periods when the deferred property tax revenues are collected, the deferral is removed from the Balance Sheet of the fund financial statements and revenues are recognized. The Council did not present any amounts this year as deferred property tax revenue because management believes little if any additional property tax revenue will be collected after August 31, 2009 for the 2008 property tax assessment.

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

o. Advances from Funding Agency

Advances from funding agency represent unexpended balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency. The Council did not have advances from any funding agency at year-end.

p. Net Assets in the Government-wide Financial Statements

In the government-wide Statement of Net Assets, the Net Asset amount is classified and displayed in three components:

- Invested in capital assets – This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end the Council did not report any borrowings that were related to capital assets.
- Restricted net assets – This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets."
- When both restricted and unrestricted resources are available for use, the Council's policy is to use restricted resources first to finance its activities, except as follows:
 - In cases where the Council holds fundraisers or solicits donations for the specific purpose of generating local public support for a specific program, the Council will use the restricted donations after it has first used up any grant funds and program income. This is the case with the net assets that are restricted for home-delivered meals.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

q. Fund Equity - Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund Balance may be further classified as reserved and unreserved, with unreserved further split into designated and undesignated. Reserved means that the Council has "reserved" portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

Designated fund balances result when the Council's management intends to expend certain resources in a designated manner. Designations of fund balances can be changed at the discretion of the Council's Board of Directors.

r. Management's Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

s. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct costs of the Administration function. The net cost of the Administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect expense allocation according to their grant or contract restrictions.

t. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Note 2 - Revenue Recognition

Revenues are recorded in the government-wide financial statements when they are earned using the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees (charges for services), and interest income must be both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are generally recorded as revenue in the period received.

Note 3 - Revenue Recognition - Property Tax

During fiscal year 2009, the Council began receiving funds from a property tax that was adopted by the voters of Washington Parish on November 14, 2007 to specifically provide money to finance the Council's operations. The Washington Parish Assessor began assessing the property tax in 2008 and will continue to do so every year because the tax is perpetual and has no expiration date. The tax will be based upon the assessed (appraised) value, less homestead exemptions, on all real and business personal property located within the Parish. The 1st day of January will be used as the date to value the property subject to tax and make the annual assessment.

The gross assessed value as of January 1, 2008, of the certified roll was \$211,303,280. After applying homestead exemptions and other reductions of \$62,251,907 the net assessed value upon which the Council's property tax was computed was \$149,051,373. 2.80 mills is the maximum amount the Council may legally elect to assess property owners each year. The Council's management elected to have the Parish assess the maximum millage for tax year 2008. Accordingly, management estimated the initial gross amount of property tax payable, excluding back tax settlements and uncollectible amounts, to the Council for this fiscal year to be approximately \$417,344. This amount was subsequently reduced by management to \$404,028 as a result of \$6,511 of ordered tax changes, consisting of supplements and reductions, and \$6,805 for estimated uncollectible property taxes.

Property taxes are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January, and February. The Washington Parish Sheriff acts as the collection agent for the Parish's property taxes. The Sheriff will have a "tax sale" each year to collect as much of the taxes due as possible. The tax sale date for Washington Parish for the 2008 tax assessment was May 27, 2009 and the lien date was July 27, 2009.

Note 3 - Revenue Recognition - Property Tax - (Continued)

Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed (November of each year). As the Sheriff collects the taxes, he forwards them to the Council on Aging where they are recorded as revenues in accordance with the modified accrual basis of accounting.

The Council also accrues as current year revenues any property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available. Accordingly, property tax collections of \$763 during July and August 2009 were accrued as this year's revenues. The Council did not present any amounts this year as deferred property tax revenue because management estimates little, if any, property taxes will be collected after August 31, 2009 for the 2008 property tax assessment.

Property tax revenues of \$404,028 on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D) have not been reduced by \$13,587 withheld by the Sheriff for "on-behalf payments for fringe benefits," which represent the Council's pro rata share of pension plan contributions for other government agencies. Instead, the \$13,587 has been included within the total of \$22,738 of intergovernmental expenditures on Exhibit D. In contrast, for purposes of the government-wide Statement of Activities (Exhibit B), property tax revenues of \$404,028 were reduced by the \$13,587 of on-behalf payments to present a net amount of \$390,441 for general revenues. See Note 9 to these financial statements for more information.

Note 4 - Cash Management, Bank Deposits and Investments

The Council maintains a consolidated bank account at Parish National Bank to deposit most of the funds it receives and to pay its bills. The consolidated bank account is available for use by all funds; however, EFSP funds are managed through a second account at Parish National Bank. The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

As described in Louisiana law, the Council is classified as a quasi-governmental entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits and investments. However, it is the Council's policy to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance.

Note 4 - Cash Management, Bank Deposits and Investments - (Continued)

Cash is reported at its carrying amount, which equals its fair value. At year-end, the carrying amount of the Council's cash balances on the books was \$93,660, whereas the bank balances totaled \$108,356. The difference in the book and bank balances relates primarily to deposits made and checks written which had not cleared the bank accounts by year-end. At year-end, all of the bank balances were insured 100% by federal depository insurance.

During the year, the Council might accumulate cash in excess of its immediate needs. To maximize its revenues, the Council's management will invest the excess cash. Although it is not required by law to comply with the State of Louisiana's investment laws, the Council's management has adopted an investment policy that is intended to follow Louisiana Revised Statute 33:2955, which sets forth a list of the types of investments in which a political subdivision may invest its temporarily idle funds. Accordingly, at year-end, the Council's management has invested \$100,121 in the Louisiana Asset Management Pool (LAMP). This type of investment complies with state law and the Council's investment policy.

LAMP is an external investment pool established as a cooperative endeavor to enable public entities in the State of Louisiana an opportunity to combine their funds for investment. LAMP is administered by LAMP, Inc., a non-profit corporation organized under Louisiana law. Although LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes investments only in federal agencies backed by the U.S. government, government-only money market funds rated AAA by Standard & Poor's, and commercial paper of domestic United States corporations rated A-1 or A-1+ by Standard & Poor's. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and LAMP consists of no securities with a maturity of more than 397 days. However, LAMP voluntarily complies with Standard & Poor's requirement for AAAM rated funds to restrict the average weighted average maturity of investments to 60 days or less in order to maintain its AAAM rating for the LAMP pool. By doing this, LAMP maintains the safety of its invested principal and limits its exposure to loss in the market. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares sold and redeemed, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments comprising LAMP's portfolio are stated at their fair values based on quoted market rates.

Note 4 - Cash Management, Bank Deposits and Investments - (Continued)

The fair values are determined on a weekly basis by LAMP and the fair value of the position of the pool is the same as the value of the pool shares. LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there are no assurances that LAMP will be able to always achieve this objective. Because of its liquidity, the balance in the LAMP account is classified as a current asset on the Statement of Net Assets. The LAMP investment does not have a credit risk categorization similar to the Council's demand deposits and CD because the LAMP investment is not evidenced by securities that exist in physical or book entry form. However, LAMP issues an annual audited financial statement, in which the pool's custodial credit risks and investment policies are disclosed.

<u>Cash & Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
Cash:					
Parish National Bank - operating	\$ 93,657	\$ 93,657	None	Demand	Category 1
Parish National Bank - EFSP	3	3	None	Demand	Category 1
Total Cash	<u>93,660</u>	<u>93,660</u>			
Investments:					
LAMP	100,121	100,121	0.56%	Demand	Not Applicable
Total Investments	<u>100,121</u>	<u>100,121</u>			
Total Cash & Investments	<u>\$ 193,781</u>	<u>\$ 193,781</u>			
Unrestricted Purpose	\$ 189,814				
Restricted Purpose:					
Senior Citizen Activities	456				
Utility Assistance	3,511				
Total Cash & Investments	<u>\$ 193,781</u>				

As illustrated above, for purposes of the Statement of Net Assets, the cash balance of \$193,781 is comprised of restricted cash of \$3,967 and unrestricted cash of \$189,814. The Council has presented restricted cash as a component of current assets in the Statement of Net Assets because it is available for use in current operations.

Note 5 - Changes in Capital Assets and Accumulated Depreciation

A summary of changes in capital assets and related accumulated depreciation is as follows:

Capital Assets Being Depreciated	Balance June 30, 2008	Additions	Decreases	Balance June 30, 2009
Vehicles	\$ 70,992	\$ 0	\$ 0	\$ 70,992
Equipment	26,414	5,104	(10,393)	21,125
Buildings & Improvements	147,181	0	0	147,181
Land	9,000	0	0	9,000
Total Capital Assets	253,587	5,104	(10,393)	248,298
Less Accumulated Depreciation:				
Vehicles	59,350	2,911	0	62,261
Equipment	19,945	1,913	(10,393)	11,465
Buildings & Improvements	60,194	3,680	0	63,874
Total Accumulated Depreciation	139,489	8,504	(10,393)	137,600
Capital Assets Net of Depreciation	\$ 114,098	\$ (3,400)	\$ 0	\$ 110,698

None of the above amounts includes any donated asset. Also, the Council's management has reviewed the capital assets and does not believe any of them to have been impaired as of year-end.

Depreciation was charged to governmental activities as follows:

Administration	\$ 3,700
Nutrition Services:	
Congregate Meals	165
Home Delivered Meals	2,911
Direct offset against rental income	<u>1,728</u>
Total depreciation expense for governmental activities	<u>\$ 8,504</u>

The \$3,700 of depreciation associated with the administration function relates to capital assets that essentially serve all functions. Accordingly, it is included as a direct expense of the administration function on the Statement of Activities and then allocated to other functions in accordance with the Council's method of allocating indirect expenses. The nutrition depreciation amounts (\$3,076) are charged as direct expenses to their related functions on the Statement of Activities. Finally, the depreciation of \$1,728 related to the building that is being rented, is offset against the rental income generated by the building, which is not a distinct program of the Council but merely an activity to generate general revenues.

Note 6 - Prepaid Expenditures and Expenses

At year-end, prepaid expenditures in the Fund Balance Sheet consisted of the following:

Insurance premiums	\$ 533
Total prepaid expenditures	<u>\$ 533</u>

At year-end, prepaid expenses in the Statement of Net Assets consisted of the following:

	Current Portion	Noncurrent Portion
Insurance premiums	\$ 533	\$ 0
Vehicle usage	3,137	5,752
Total prepaid expenses	<u>\$ 3,670</u>	<u>\$ 5,752</u>

The current portion of prepaid expenses represents the amounts that management expects the Council to consume and economically benefit from in the next fiscal year. The noncurrent portions represent the amounts that will be amortized in future years based on an agreement that the Council has in effect with the Town of Franklinton for using its vehicles.

The difference between prepaid expenditures and prepaid expenses arises from transactions wherein the Council on Aging (COA) puts up all the "matching funds" under capital assistance grants the Town of Franklinton (Town) enters into with the Louisiana Department of Transportation and Development (DOTD) to acquire vehicles that the COA will use to provide public transportation to the general public of Washington Parish. The vehicles are titled in the name of the Town but the COA uses the vehicles for its transportation programs and must pay for all the operating costs. The funds the COA expends for the grant match are first recorded as a deposit in its Fund Balance Sheet and Statement of Net Assets when the funds are remitted to DOTD. Upon delivery of the vehicle to the COA, the deposit is reversed as an intergovernmental expenditure in the COA's fund financial statements. However, in the government-wide statements, the deposit is reclassified as a prepaid expense and amortized over the estimated useful life of the vehicle (60 months). The COA's management believes presenting the van match transactions in this manner in the government-wide financial statements will best present the economics of this type of transaction. A written lease exists between the Town and the COA that sets forth the terms of the agreement to use the Town's vehicles. This type of cooperative agreement to provide public transportation to the residents of Washington Parish has been used for many years.

Note 7 - Short-term Debt Activity

This year the Council was approved for a line of credit of \$50,000 from Parish National Bank. The Council withdrew \$35,000 from the line of credit to pay for its expenditures and repaid it all during the year. The interest expense associated with the borrowing was \$290. As of June 30, 2009, the Council did not have any outstanding balance on the line of credit.

Note 8 - Fund Balances - Fund Financial Statements

Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, there are exceptions to this policy.

At year-end, a special revenue fund, the Utility Assistance Fund, had a remaining fund balance of \$3,511. The fund balance represents restricted contributions that have not been spent in accordance with the restrictions placed upon them by the utility companies that solicited the contributions from their customers and subsequently passed them on to the Council. The Council's management has elected to separately account for the utility assistance contributions in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

At year-end, the General Fund has \$11,754 of reserved funds that consist of the following:

- \$10,765 – deposit towards van purchase
- \$ 533 – prepaid expenditures
- \$ 456 – senior citizen activity funds that are donated by the general public or raised by the participants at the various senior centers to be used specifically for participant activities at their respective locations.

Note 9 - On-Behalf Payments for Fringe Benefits

Because the Council is one of several governmental agencies receiving proceeds from a property tax assessment, state law (RS 11:82) requires the Council to bear a pro-rata share of the pension expense relating to state and statewide public retirement systems. The Council's pro-rata share of the required contribution was \$13,587 that was withheld by the Washington Parish Sheriff from property tax collections to satisfy the Council's obligation. The Sheriff withholds the entire amount of this obligation in December each year even though some of the property taxes may never be collected. None of the Council's employees participate in or benefit from any pension plan relating to this expenditure.

The \$13,587 withheld by the Sheriff has been included as part of "intergovernmental" expenditures of the General Fund in these financial statements. Further, as described in Note 3, the Council has also increased its property tax revenues by the same amount of this intergovernmental expenditure.

Note 10 - In-Kind Contributions

The Council received a variety of in-kind contributions during the year, but does not record the fair value of them in its government-wide and fund financial statements, except for the donation of capital assets. In the case of a donation of a capital asset, accounting principles for governmental entities require the fair value of a donated capital asset be recorded in the Statement of Activities at the time of acquisition. However, these same principles do not permit the recording of the fair value of capital assets (or other in-kind contributions) in the fund financial statements because of the measurement focus of such statements.

The Council received an in-kind contribution during the year in the form of free use of the meal site at Pine (12 months). The donor has estimated the value of the free use of the meal site to be \$250 per month. If this in-kind contribution had been recorded in the Statement of Activities its annual allocation would have been \$3,000 for Nutrition Services – Congregate Meals. The Council also received an in-kind contribution in the form of free rent, utilities and garbage pick up at its Bogalusa Senior Center from the City of Bogalusa. The City has valued these free services at \$1,500 per month. In addition, the City permits the Council to house its vans on the premises and the City estimates the value of the "garage fee" to be \$350 per month. The Bogalusa Senior Center benefits all programs administered by the Council.

Note 10 - In-Kind Contributions – (Continued)

The Council on Aging (COA) also receives in-kind support for its transportation programs. The COA has a fleet of 13 vehicles that it uses to provide public transportation in Washington Parish. Of the 13 vehicles, the Town of Franklinton (Town) owns 9 and the COA owns 4. The 9 vehicles owned by the Town were all acquired under capital assistance grants wherein the federal government paid for 80% of the vehicle's cost and the remainder had to be paid for with local "matching" funds. The COA put up all the money for the local match for 7 of the 9 vehicles so that the Town could acquire them. In return for putting up the matching funds, the Town permits the COA to use the vehicles as long as they are operational. Therefore, the COA is receiving an in-kind contribution from the Town for the use of the vehicles owned by the Town. Management has estimated the in-kind use of the Town's vehicles to be \$13,247 for the fiscal year. The estimate was derived by first determining the amount the federal government paid for its share of the "match" for the vehicles. Then, the amount of federal match for each vehicle was amortized from the date at which the COA began using each vehicle using a 60-month estimated useful life. The amount for the period July 1, 2008 through June 30, 2009 was deemed to be the value of the Town's in-kind contribution for vehicle usage. If the in-kind contribution for the vehicles had been recorded in the Statement of Activities, the allocation amongst the Council's transportation programs would have been \$7,255 for Elderly Transportation, \$4,641 for General Public Transportation, and \$1,351 for Job Access Transportation.

Note 11 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members can request reimbursement for out-of-pocket expenses in accordance with the Council's travel policy when traveling on behalf of the Council.

Note 12 - Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. The Council is also exempt from Louisiana income tax.

The Council does not file a Form 990 because it has been determined to be an "affiliate of a governmental unit" within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 C.B. 418.

Note 13 - Judgments, Claims, and Similar Contingencies

As of year-end the Council's management has no knowledge of any pending litigation, lawsuits, or claims against the Council. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

Note 14 - Contingencies - Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

Note 15 - Economic Dependency

One of the Council's largest sources of revenues is from a property tax, which it began to receive this year. If the property in Washington Parish were to be assessed at lower values due to natural disaster or another unpredictable event, the amount of property tax revenue that the Council receives could be adversely affected. Management is not aware of any actions or events that will adversely affect next year's property tax revenue.

The Council also receives significant intergovernmental revenue directly from GOEA and indirectly from grants administered by CAAA on behalf of GOEA. The Louisiana Department of Transportation and Development also provides the Council with significant grant funds through the Town of Franklinton. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal or state level, or the Council loses or fails to reapply for a grant, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of intergovernmental funds the Council will receive in fiscal year 2010 relating to these grants.

Note 16 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

Note 17 - Deferred Compensation Plan

The Council and its qualified employees participate in the State of Louisiana's Public Employees Deferred Compensation Plan, which is a nonqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Great-West Life and Annuity Insurance Company administers the plan. The Plan is available to all employees who have worked at least six months. The Plan permits participating employees to defer up to the lesser of (1) 100% of their compensation or (2) \$16,500 (\$22,000 if over 50 years of age) per year. In addition, the Council will "match" one-half of any percentage less than or equal to 6% of a participant's deferral amount. All amounts contributed to the Plan by the employees and the Council are non-forfeitable thereby making them 100% vested by the employees. During this year, \$6,681 was contributed to the Plan via employee salary deferrals. The Council contributed \$3,383 as its matching share. The Plan does not meet the definition of a fiduciary fund; accordingly, the Council has not reported any amounts in these financial statements. Participation in the deferred compensation plan is at the option of each employee. The Council does not guarantee the benefits of any amounts contributed to the insurance company.

Note 18 - Encumbrance (Purchase Commitment)

The Council has agreed to provide the matching funds (20% of the total cost) for one vehicle that will be purchased under a federal public transportation capital assistance program. The vehicle purchase contract is between the Town of Franklinton and the Louisiana Department of Transportation and Development (DOTD). Because of the purchase commitment, the Council has encumbered (reserved) \$10,765 of its fund balance as of June 30, 2009. Management expects the vehicle to be delivered in fiscal year 2010.

Note 19 - Lease Commitment

On June 5, 2003 the Council entered into a joint endeavor agreement with the City of Bogalusa (the City) wherein the Council will lease from the City a building known as the Bogalusa Senior Center. The initial term of the lease will be for 5 years and will renew automatically for another 5 year term provided the Council is in compliance with the terms of the agreement and the Council has not given notice that it does not want to renew the lease. The annual lease payment is \$1. Terms of the lease require the Council to (1) pay for all the utilities of operating the building, (2) pay for repairs that costs less than \$301, (3) be responsible for daily maintenance and cleaning, and (4) furnish property and liability insurance coverage for the building and the Council's personal property contained therein. Note that beginning in October 2004, the City relieved the Council of paying for the monthly utilities for this location and began paying them on behalf of the Council. Also, beginning July 1, 2005 the City did not require the Council to pay the \$1 annual rent amount. See Note 10 (In-kind Contributions) in this report for additional information about the arrangement the Council has with the City relating to this facility.

Note 20 - Interfund Receivables and Payables - Fund Financial Statements

Because the Council operates its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans. A summary of these interfund loans, at year-end, is as follows:

	<u>Receivable From</u>	<u>Payable To</u>
General Fund:		
Major Funds:		
Title III B	\$ 5,883	\$ 0
Section 5311	33,720	0
JARC	26,831	0
Nonmajor Funds in the aggregate	906	0
Totals for the General Fund	<u>67,340</u>	<u>0</u>
Special Revenue Funds:		
Major Funds:		
Title III B:		
General Fund	0	5,883
Section 5311:		
General Fund	0	33,720
JARC Fund:		
General Fund	0	26,831
Nonmajor Funds in the aggregate:		
General Fund	0	906
Totals for Special Revenue Funds	<u>\$ 0</u>	<u>\$ 67,340</u>
Totals for All Funds	<u><u>\$ 67,340</u></u>	<u><u>\$ 67,340</u></u>

Note 21 - Interfund Transfers

Operating transfers to and from the various funds are as follows for the fiscal year:

	Operating Transfers	
	In From	Out To
General Fund:		
Title III B Fund	\$ 0	\$ 243,821
Title III C-1 Fund	0	35,671
Title III C-2 Fund	0	81,407
Section 5311 Fund	117,504	0
JARC Fund	0	35,227
Katrina Recovery Fund	5,786	0
Nonmajor Funds in the aggregate	4,969	38,882
Total General Fund	128,259	435,008
Title III B-Fund:		
General Fund	\$ 243,821	\$ 0
Section 5311 Fund	129,197	0
Total Title III B Fund	373,018	0
Title III C-1 Fund:		
General Fund	\$ 35,671	\$ 0
Nonmajor Funds in the aggregate	50,667	0
Total Title III C-1 Fund	86,338	0
Title III C-2 Fund:		
General Fund	\$ 81,407	\$ 0
Total Title III C-2 Fund	81,407	0
Section 5311 Fund:		
General Fund	\$ 0	\$ 117,504
Title III B Fund	0	129,197
Total Section 5311 Fund	0	246,701
JARC Fund:		
General Fund	\$ 35,227	\$ 0
Total JARC Fund	35,227	0
Katrina Recovery Fund:		
General Fund	\$ 0	\$ 5,786
Total JARC Fund	0	5,786
Nonmajor Funds in the aggregate:		
General Fund	\$ 38,882	\$ 4,969
Title III C-1 Fund	0	50,667
Nonmajor Funds in the aggregate	3,100	3,100
Total for Nonmajor Funds	41,982	58,736
Grand Totals	\$ 746,231	\$ 746,231

Note 21 - Interfund Transfers - (Continued)

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (b) shift unrestricted revenues collected in the General Fund and certain Special Revenue Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 22 - Related Party Transactions

There were no related party transactions during the fiscal year.

Note 23 - Subsequent Events

Management has evaluated subsequent events through December 15, 2009, which is the date the financial statements were issued. There were no events that required disclosure.

REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION BY GASB 34

Budgetary Comparison Schedule - General Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana**

For the year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Ad Valorem Taxes	\$ 277,727	\$ 380,000	\$ 404,028	\$ 24,028
Intergovernmental:				
Governor's Office of Elderly Affairs	37,500	37,500	37,500	0
Washington Parish Government	4,200	4,200	4,200	0
Public Support - restricted	0	2,000	4,792	2,792
Public Support - unrestricted	9,250	9,250	5,986	(3,264)
Program Service Fees	89,340	89,340	98,381	9,041
Interest Income	500	500	1,516	1,016
Miscellaneous	6,000	6,000	7,707	1,707
Total Revenues	424,517	528,790	564,110	35,320
EXPENDITURES				
Current:				
Personnel	178,530	193,774	166,729	27,045
Fringe	19,571	21,344	17,198	4,146
Travel	412	1,102	1,502	(400)
Operating Services	37,120	44,766	36,557	8,209
Operating Supplies	36,363	47,161	30,290	16,871
Other Costs	8,693	14,475	16,610	(2,135)
Meals	0	0	0	0
Capital Outlay	17,000	17,000	2,404	14,596
Intergovernmental	4,000	4,000	22,738	(18,738)
Total Expenditures	301,689	343,622	294,028	49,594
Excess of revenues over expenditures	122,828	185,168	270,082	84,914
OTHER FINANCING SOURCES (USES)				
Transfers in	154,119	142,014	128,259	(13,755)
Transfers out	(296,312)	(350,912)	(435,008)	(84,096)
Total other financing sources and uses	(142,193)	(208,898)	(306,749)	(97,851)
Net increase (decrease) in fund balance	\$ (19,365)	\$ (23,730)	(36,667)	\$ (12,937)
FUND BALANCE				
Beginning of year			202,552	
End of year			\$ 165,885	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III B Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging - District II, Inc.	\$ 82,190	\$ 82,190	\$ 89,855	\$ 7,665
Public Support	2,734	3,180	3,044	(136)
Total Revenues	84,924	85,370	92,899	7,529
EXPENDITURES				
Current:				
Personnel	229,018	257,325	305,234	(47,909)
Fringe	23,423	27,085	30,215	(3,130)
Travel	6,394	20,333	35,443	(15,110)
Operating Services	25,591	30,662	43,704	(13,042)
Operating Supplies	28,867	31,768	35,715	(3,947)
Other Costs	5,349	7,074	12,133	(5,059)
Full Service	15,000	15,000	3,473	11,527
Total Expenditures	333,642	389,247	465,917	(76,670)
Excess of expenditures over revenues	(248,718)	(303,877)	(373,018)	(69,141)
OTHER FINANCING SOURCES (USES)				
Transfers in	248,718	303,877	373,018	69,141
Transfers out	0	0	0	0
Total other financing sources and uses	248,718	303,877	373,018	69,141
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information

Budgetary Comparison Schedule - Title III C-1 Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging - District II, Inc.	\$ 14,550	\$ 14,550	\$ 14,550	\$ 0
Public Support	18,954	18,954	26,219	7,265
Total Revenues	33,504	33,504	40,769	7,265
EXPENDITURES				
Current:				
Personnel	76,623	71,468	85,404	(13,936)
Fringe	6,434	5,998	8,206	(2,208)
Travel	298	485	3,518	(3,033)
Operating Services	6,976	7,330	7,719	(389)
Operating Supplies	3,356	4,237	5,882	(1,645)
Other Costs	1,538	1,547	3,817	(2,270)
Meals	10,455	10,455	12,561	(2,106)
Total Expenditures	105,680	101,520	127,107	(25,587)
Excess of expenditures over revenues	(72,176)	(68,016)	(86,338)	(18,322)
OTHER FINANCING SOURCES (USES)				
Transfers in	72,176	68,016	86,338	18,322
Transfers out	0	0	0	0
Total other financing sources and uses	72,176	68,016	86,338	18,322
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			<u>\$ 0</u>	

See notes to required supplementary information

Budgetary Comparison Schedule - Title III C-2 Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging - District II, Inc.	\$ 44,942	\$ 44,942	\$ 44,942	\$ 0
Public Support	8,690	8,690	10,204	1,514
Total Revenues	53,632	53,632	55,146	1,514
EXPENDITURES				
Current:				
Personnel	51,701	53,730	53,810	(80)
Fringe	4,351	4,522	5,326	(804)
Travel	265	450	420	30
Operating Services	6,227	10,876	9,959	917
Operating Supplies	10,789	10,812	7,210	3,602
Other Costs	993	1,087	1,530	(443)
Meals	40,911	40,911	58,298	(17,387)
Total Expenditures	115,237	122,388	136,553	(14,165)
Excess of expenditures over revenues	(61,605)	(68,756)	(81,407)	(12,651)
OTHER FINANCING SOURCES (USES)				
Transfers in	61,605	68,756	81,407	12,651
Transfers out	0	0	0	0
Total other financing sources and uses	61,605	68,756	81,407	12,651
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information

Budgetary Comparison Schedule - Section 5311 Fund

Washington Council on the Aging, Inc.
Franklinton, Louisiana

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Town of Franklinton	\$ 246,701	\$ 246,701	\$ 246,701	\$ 0
Total Revenues	246,701	246,701	246,701	0
EXPENDITURES				
Current:				
Personnel	0	0	0	0
Fringe	0	0	0	0
Travel	0	0	0	0
Operating Services	0	0	0	0
Operating Supplies	0	0	0	0
Other Costs	0	0	0	0
Total Expenditures	0	0	0	0
Excess of revenues over expenditures	246,701	246,701	246,701	0
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	(246,701)	(246,701)	(246,701)	0
Total other financing sources and uses	(246,701)	(246,701)	(246,701)	0
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information.

Budgetary Comparison Schedule - JARC Fund

Washington Council on the Aging, Inc.

Franklinton, Louisiana

For the year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
Town of Franklinton	\$ 171,732	\$ 163,461	\$ 104,513	\$ (58,948)
Total Revenues	<u>171,732</u>	<u>163,461</u>	<u>104,513</u>	<u>(58,948)</u>
EXPENDITURES				
Current:				
Personnel	145,199	120,206	103,507	16,699
Fringe	16,284	13,671	10,305	3,366
Travel	294	602	650	(48)
Operating Services	12,889	13,817	11,728	2,089
Operating Supplies	11,869	12,525	9,942	2,583
Other Costs	2,484	2,640	3,608	(968)
Total Expenditures	<u>189,019</u>	<u>163,461</u>	<u>139,740</u>	<u>23,721</u>
Excess of revenues over (under) expenditures	<u>(17,287)</u>	<u>0</u>	<u>(35,227)</u>	<u>(35,227)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	17,287	0	35,227	35,227
Transfers out	0	0	0	0
Total other financing sources and uses	<u>17,287</u>	<u>0</u>	<u>35,227</u>	<u>35,227</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Katrina Recovery

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Louisiana DOTD	\$ 0	\$ 0	\$ 8,486	\$ 8,486
Total Revenues	0	0	8,486	8,486
EXPENDITURES				
Current:				
Personnel	0	0	0	0
Fringe	0	0	0	0
Travel	0	0	0	0
Operating Services	0	0	0	0
Operating Supplies	0	0	0	0
Other Costs	0	0	0	0
Capital Outlay	0	0	2,700	(2,700)
Total Expenditures	0	0	2,700	(2,700)
Excess of revenues over (under) expenditures	0	0	5,786	5,786
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	0	0	(5,786)	(5,786)
Total other financing sources and uses	0	0	(5,786)	(5,786)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**Washington Council on the Aging, Inc.
Franklinton, Louisiana**

For the year ended June 30, 2009

NOTE 1 - BUDGETARY REPORTING

The budget information presented in this section of required supplementary information applies to "major" governmental funds for which annual budgets were adopted. Budgetary information for "nonmajor" funds has not been included anywhere in these financial statements.

The Council follows these procedures in establishing the budgetary data that has been presented as required supplementary information in these financial statements.

- The Capital Area Agency on Aging - District II Inc., (CAAA) notifies the Council each year as to the funding levels for each program's grant award.
- Revenue projections are also made based on grants from GOEA and other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Management makes projections of property tax revenues based on past trends and data available at the Parish Assessor's office to form expectations of future revenues.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information regarding projected revenues and expenditures has been obtained, the Council's executive director and bookkeeper prepare a proposed budget based on the projections. The proposed budget is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board meeting before May 31 of the current fiscal year.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- The adopted budget is forwarded to CAAA for compliance approval for the funds it will pass-through to the Council from GOEA.
- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, management will automatically re-budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The "match" might be made in one year and the vehicle delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting for governmental funds, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying required supplementary information include the original adopted budget amounts and all subsequent amendments. During the fiscal year, management amended the budget one time. The Council's Board of Directors approved a budget amendment at a regularly scheduled meeting on April 17, 2009, using a procedure similar to the one used to approve the original budget. The budget amendment was sent to CAAA for compliance approval and was subsequently approved.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain compliance approval from the CAAA and the Governor's Office of Elderly Affairs for funds received under grants and contracts from these agencies. As a part of their compliance, CAAA and GOEA require management to amend the budget in cases where actual expenditures for a particular line item exceed their budgeted amount by more than 10%, unless unrestricted funds are available to "cover" the overrun.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- Budgeted expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some activities may not be budgeted, particularly if they are deemed to be immaterial by management.

NOTE 2 - GENERAL FUND'S BUDGETED OPERATING DEFICIT

Management budgeted an operating deficit in the Council's General Fund this year because (1) the Council needed to purchase some capital assets and would do so by consuming funds that the Council earned in prior years but had not spent, (2) management budgets for unexpected occurrences as a matter of conservative financial policy, and (3) the Council wanted to spend the designated funds it received in a prior year for home repair assistance. Management was able to budget the operating deficit because the Council had enough fund balance to cover the deficit.

**SUPPLEMENTARY INFORMATION REQUIRED BY
THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2009**

	Medicaid Prescription Drug Assistance	Title III D	Title III E	Senior Center	Supple. Senior Center	Audit	Utility Assistance	EFSP	Totals
REVENUES									
Intergovernmental:									
Capital Area Agency on Aging (CAAA)	\$ 0	\$ 3,658	\$ 963	\$ 0	\$ 0	\$ 1,053	\$ 0	\$ 0	\$ 5,674
Governor's Office of Elderly Affairs	0	0	0	50,667	3,100	0	0	0	53,767
United Way of America	0	0	0	0	0	0	0	10,639	10,639
Public Support (Restricted):									
Various utility companies	0	0	0	0	0	0	5,452	0	5,452
Total revenues	0	3,658	963	50,667	3,100	1,053	5,452	10,639	75,532
EXPENDITURES									
Health, Welfare, & Social Services:									
Current:									
Personnel	15,068	1,529	2,755	0	0	0	0	0	19,352
Fringe	1,337	135	222	0	0	0	0	0	1,694
Travel	549	8	13	0	0	0	0	0	570
Operating Services	0	49	86	0	0	0	0	0	135
Operating Supplies	0	42	63	0	0	0	0	0	105
Other Costs	0	26	32	0	0	24,997	0	0	25,055
Meals	0	0	0	0	0	0	0	10,639	10,639
Utility Assistance	0	0	0	0	0	0	14,192	0	14,192
Capital Outlay	0	0	0	0	0	0	0	0	0
Total expenditures	16,954	1,789	3,171	0	0	24,997	14,192	10,639	71,742
Excess of revenues over (under) expenditures	(16,954)	1,869	(2,208)	50,667	3,100	(23,944)	(8,740)	0	3,790
OTHER FINANCING SOURCES (USES)									
Operating transfers in	12,730	3,100	2,208	0	0	23,944	0	0	41,982
Operating transfers out	0	(4,969)	0	(50,667)	(3,100)	0	0	0	(58,736)
Net increase (decrease) in fund balances	(4,224)	0	0	0	0	0	(8,740)	0	(12,964)
FUND BALANCE (DEFICIT)									
Beginning of year	4,224	0	0	0	0	0	12,251	0	16,475
End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,511	\$ 0	\$ 3,511

**COMPARATIVE SCHEDULE OF CAPITAL ASSETS
AND CHANGES IN CAPITAL ASSETS**

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2009

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
<u>Capital Assets</u>				
Vehicles	\$ 70,992	\$ 0	\$ 0	\$ 70,992
Equipment	26,414	5,104	(10,393)	21,125
Buildings & improvements	147,181	0	0	147,181
Land	9,000	0	0	9,000
Total capital assets	<u>\$ 253,587</u>	<u>\$ 5,104</u>	<u>\$ (10,393)</u>	<u>\$ 248,298</u>

Investment in Capital Assets

Property acquired with funds from -

Title III B	\$ 3,301	\$ 0	\$ (1,646)	\$ 1,655
Title III C-1	3,284	0	(1,052)	2,232
Title III C-2	18,714	0	(1,195)	17,519
Title III D	87	0	(78)	9
PCOA	22,560	0	0	22,560
Senior Center	840	0	0	840
FTA	18,024	0	0	18,024
Local	141,777	5,104	(6,422)	140,459
Acquired before 1985	45,000	0	0	45,000
Total investment in capital assets	<u>\$ 253,587</u>	<u>\$ 5,104</u>	<u>\$ (10,393)</u>	<u>\$ 248,298</u>

NEIL G. FERRARI

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MEMBER OF THE
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
Washington Council on the Aging, Inc.
Franklinton, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Council on the Aging, Inc., Franklinton, Louisiana, (the Council) as of and for the year ended June 30, 2009, which collectively comprise the Council's basic financial statements and have issued my report thereon dated December 15, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Council's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and questioned costs under finding 2009-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Council's response to the findings identified in my audit are described in the accompanying Management's Corrective Action Plan. I did not audit the Council's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Council's management, finance committee, board of directors, pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Baton Rouge, Louisiana,
December 15, 2009.



Neil G. Ferrari, CPA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Washington Council on the Aging, Inc.

Franklinton, Louisiana

For the year ended June 30, 2009

I have audited the financial statements of the Washington Council on the Aging, Inc., Franklinton, Louisiana as of and for the year ended June 30, 2009, and have issued my report thereon dated December 15, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2009 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

- a. Report on Internal Control over Financial Reporting and on Compliance and Other Matters Material to the Financial Statements

Internal Control:

Significant Deficiencies

☐ Yes ☒ No

Material Weaknesses

☒ Yes ☐ No

- Finding 2009-1

Compliance:

Compliance Material to Financial Statements

☐ Yes ☒ No

- b. Federal Awards

Federal award expenditures were less than \$500,000. Accordingly, this section is not applicable.

- c. Identification of Major Programs - This section is not applicable.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II - Financial Statement Findings and Questioned Costs

Finding 2009-1: Errors Noted in JARC and Section 5311 Reports – Repeat Finding (Also see findings 2007-2 and 2008-1)

During the audit I noted errors in the preparation of the 5311 and JARC monthly reports again. On an annual basis I believe that the 5311 transportation costs were understated by about \$12,000. However, the errors did not affect the financial statements or the ultimate amount the Council received in reimbursements from DOTD because the Council exceeded its maximum grant amount. However, for the JARC program, the cumulative amount of reporting errors I calculated for the fiscal year amounted to \$35,228. This amount represents underreported costs for which the Council could have received reimbursement because it did not come close to obtaining the maximum grant amount.

In prior years I have reported problems with reporting costs under the 5311 and JARC programs. The Council has acknowledged the problems and tried to correct them. At the end of last year's audit the Executive Director asked me to advise them on how to improve their internal process so that the finding would not repeat itself. A series of Excel worksheets were developed to help the bookkeeper compile the information and to serve as a "bridge" between the books and the reports. The new worksheets and procedures were not implemented until mid year, so in all likelihood errors from the past remained undetected and uncorrected at least until the new procedures were implemented.

Because the JARC difference was so large this year, I investigated the matter and discovered the bookkeeper did not pick up some direct costs coded to the JARC program in the general ledger. She thought that the Excel worksheets contained JARC's total costs when in fact they only contained JARC's share of the transportation pool. As a result, the JARC reports underreported the true costs of operating the program. The Executive Director double checks the reports and did not catch the errors either.

My recommendations from last year concerning this finding were to (1) require a documented detailed supervisory review of the reports and underlying work papers each month and (2) establish a documented link between the data on the reports and the data in the accounting system. The Executive Director did review and document her review of the reports and a documented link between the data on the reports and the data in the accounting system was developed in the form of Excel worksheets. The breakdown in the system was due to implementation rather than design.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Because the findings from the past were not completely resolved, I have had to repeat this finding again and label it as a material weakness for the FY 2009 year. However, since the audit, the Executive Director and bookkeeper have had me troubleshoot the process and, as a result, the Excel worksheets have been expanded to (1) include all JARC costs, rather than just JARC's share of the transportation pool, (2) integrate the indirect cost pool allocations in with the transportation allocations, and (3) provide more "check totals" so that the Executive Director can have an easier means of reviewing the worksheets that are prepared by the bookkeeper and used to prepare the 5311 and JARC reports. Further, I have had another training session with those involved with the process as well as several conversations with them on problems they encountered while preparing the reports for the first three months of FY 2010.

Recommendation: I recommend the Executive Director be very thorough when reviewing the 5311 and JARC reports. The Excel worksheets provide numerous "check totals" for her to use and detect errors. If she encounters any aspects of the process that cause her to ask questions that cannot be explained or resolved, then she should contact me for technical advice. The bookkeeper should also ask questions during the process to ensure she has a correct understanding. Finally, rather than wait until after year end to discover if more errors have occurred, management could ask me to perform interim audit procedures relating to the preparation of the reports so that I could confirm the staff understands the process and is implementing it as designed. Any errors could be corrected via amended reports before the deadline passes.

Section III - Federal Award Findings and Questioned Costs

This section is not applicable.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Washington Council on the Aging, Inc.

Franklinton, Louisiana

For the year ended June 30, 2009

Section I – Internal Control and Compliance Deficiencies Material to the Financial Statements

Finding 2008-1: Errors Noted in JARC and Section 5311 Reports – Repeat Finding

Auditor's Recommendation from Last Year's Audit: I recommend the Council design its JARC and Section 5311 cost reimbursement reporting process to (1) require a documented detailed supervisory review of the reports and underlying work papers each month and (2) establish a documented link between the data on the reports and the data in the accounting system.

Management's Response and Corrective Action Plan:

The Executive Director acknowledges the auditor's findings and recommendations and has begun to thoroughly review JARC and Section 5311 monthly reports along with the underlying work papers. Management has also consulted with the auditor on how to use Excel worksheets to accumulate the data for these reports to enable the preparer to self-check her work and ensure that the costs on the books will parallel those reported to DOTD. The Excel worksheets will also provide an easy method for someone to double check the preparer's work.

Current Status: Uncorrected as of June 30, 2009. Although the Council followed the auditor's recommendations from last year's audit, we did not execute the plan as well as we had intended. We still made some errors in reporting transportation costs on the reports primarily due to not picking up some direct costs in the JARC program. Had we picked up the additional direct costs, our JARC reports would have shown more costs and the Council would have received more reimbursement for FY 2009. We had the auditor work with us to fine-tune the Excel worksheets so that all of our cost allocations would be fully integrated each month. Also, more "double checks" were built into the worksheets so that the Executive Director could spot errors much easier and eliminate previous errors in report preparation. We now believe the deficiencies in internal control relating to preparation of the JARC and 5311 reports have been eliminated going forward into FY 2010.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

Finding 2008-2: Supervisory Approvals Are Not Always Fully Documented – Repeat Finding

Auditor's Recommendation from Last Year's Audit: Supervisors should be alerted to always sign or initial related documents to show they have performed a supervisory review of a subordinate's work and date the document to show when it was done. Management should review its written policies, determine the key areas where the supervisory approvals are needed, and make sure the policies reflect where the approvals should be documented.

Management's Response and Corrective Action Plan:

Management will monitor supervisory reviews and approvals to make sure a supervisor's signature and the date of review and approval are fully documented according the Council's policies and procedures.

Current Status: Corrected.

Finding 2008-3: Client Contributions on the Books do not Agree with the Amounts on the Capital Area Agency on Aging's Annual Reimbursement Summary- Repeat Finding

Auditor's Recommendation from Last Year's Audit: I recommend that each month the full amount of any client contributions be reported to Capital Area and that the Council try not to carry over any amounts in the future to avoid miscommunication and reporting differences. Management should make sure the amount reported to Capital Area agrees with the amounts on its books.

Management's Response and Corrective Action Plan:

Client contributions are collected and used as program income within their respective programs. Capital Area Agency on Aging contracts with the Council on a unit cost reimbursement basis. After initial submission of the budget a unit cost is determined and changes to the unit cost are not allowed for the remainder of the program year. June reports reflected an outstanding contract balance for Homemaker, C-1 Meals and C-2 Meals due to actual client contributions totaling more than budgeted amounts throughout the previous eleven months and fluctuations in the cost to provide a unit of service. Capital Area allowed the Council to not report the entire amount of program income collected in June in order to receive the entire contracted amount. The Council would have been penalized for providing services for a cheaper unit cost than originally budgeted. Remaining program income was carried over into the next fiscal year. While ideally program income should be

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
(Continued)

spent within the fiscal year collected, this is not always possible given the constraints placed on the budgeting process by Capital Area. Management will review future reports to ensure that the amount reported to Capital Area agrees with amounts on the books.

Current Status: Corrected.

Finding 2008-4: Errors Noted in Preparing the Worksheet to Allocate Indirect Costs

Auditor's Recommendation from Last Year's Audit: The indirect cost worksheet should be double checked by somebody other than the person who prepares it to minimize the risk of making allocation errors. Also, the Council should consider modifying its indirect cost allocation by using the year-to-date cost method rather than just using the results for only one month.

Management's Response and Corrective Action Plan:

Due to the complexity of allocating indirect costs between various programs errors can occur. Management will take action to have the person preparing the indirect cost allocation worksheet only include the necessary amounts. Further, in May 2009 management hired an accounting clerk to assist the bookkeeper with bookkeeping duties and help double check the indirect cost worksheet for accuracy. Management believes the extra help will alleviate a burdensome workload, which has contributed to errors such as the one reported by the auditor. As far as using a cumulative cost method to allocate indirect costs versus a monthly method, we will discuss and study the recommendation and decide if the switch will more accurately allocate the indirect costs.

Current Status: Corrected.

Section II - Internal Control and Compliance Deficiencies Material to Federal Awards

There were no findings reported for this section in last year's audit report.

MANAGEMENT'S CORRECTIVE ACTION PLAN

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2009**

To the following oversight agencies for audit:

State: Legislative Auditor of the State of Louisiana; and
Governor's Office of Elderly Affairs;

Local: Capital Area Agency on Aging - District II, Inc.

Washington Council on the Aging, Inc., Franklinton, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2009.

Name and address of independent public accounting firm: Neil G. Ferrari, CPA, 14481 Old Hammond Highway, Suite 4, Baton Rouge, Louisiana, 70816.

Audit period: For the year ended June 30, 2009.

FINANCIAL STATEMENT FINDINGS

Finding 2009-1: Errors Noted in JARC and Section 5311 Reports

Management's Response and Corrective Action Plan:

The Executive Director acknowledges the auditor's findings and recommendations and has begun to thoroughly review JARC and Section 5311 monthly reports along with the underlying work papers. Management has also consulted with the auditor on how to use Excel worksheets to accumulate the data for these reports to enable the preparer to self-check her work and ensure that the costs on the books will parallel those reported to DOTD. The Excel worksheets will also provide an easy method for someone to double check the preparer's work. We expect to engage the auditor to perform some interim audit procedures relative to 5311 and JARC reporting rather than wait until year end to get the results of our corrective actions.

If there are any questions about this plan, please contact Nancy McBeth, Executive Director, at (985) 839-4535.